

The Nonprofit Sector in Today's World ***A presentation for leaders to leverage***

Following is a speech on the NH nonprofit sector presented at the NH Business and Industry Forecast Event, sponsored by Business NH Magazine on January 19, 2012. Nonprofit leaders are welcome to use excerpts from the presentation and modify the speech as appropriate to reflect their issues and data.

Introducing the Nonprofit Sector of 21st Century

Good morning and thank you for such a warm welcome. It is a pleasure and honor to represent the Nonprofit Sector of NH and provide its forecast for the year ahead.

This is the first time the sector, as an industry, has presented its forecast in this venue, and in part - this speaks to the expanding role of nonprofits in our lives and in the state. As, today's sector plays an interrelated role, with business and government, in sustaining a healthy and strong NH.

I would like to begin by providing you with some context about charitable sector of our state and by suggesting it's time ;***“To think differently about the nonprofit sector.”***

The nonprofit sector of the 21st century has a scope which is far different than the charities many of our great grandparents supported and in many cases founded.

Over the past 20 years , as societal and health issues became more complex, families more mobile and environmental challenges more pressing the scope of needs addressed by the nonprofit sector.... **soared.**

The sector also grew because philanthropists and corporate partners **recognized the correlation between** a vibrant arts community, the preservation of our outstanding natural environment, the availability of range social services – and a high quality of life and strong economy.

The sector increased in scope when government recognized that nonprofits were better positioned to respond to the needs of our most vulnerable citizens in a more efficient and effective way.

Today our state contracts with 165 nonprofits to deliver a wide range of diverse services for veterans, the disabled, the homeless, and for children at risk of abuse and neglect. Nonprofits through a contract with the state work with youth in foster care and with families in need of food, fuel assistance and housing to get back on their feet.

Growth and Economic Impact

The size of the sector has grown- 25% in the last 10 years, but it's important to understand the breakdown as the numbers can be misleading.

Of the 8,400 nonprofits in NH: 80% are small local initiatives , operating on budgets of under \$100,00 and running primarily on volunteer power. All adding value but not engaged in intensive fundraising or contracting with the state, or seeking federal grants.

There are just 698 nonprofits in NH with budgets over \$500,000 serving a population of 1.3 million and the more than 234 town and cities. They are providing clinical therapy, brain injury treatment, college instruction, legal counsel, public policy research, operating networks of nursing homes and assisted living facilities and much more.

There is a two-fold benefit to the nonprofit sector, because as the sector deepened its efforts to help families stabilize, access health care, gain jobs skills and secure housing so that they can be contributors to society, it also advanced as an employer and contributor to the states revenue. Today the sector employs 1 out of 7 people, contributes \$9.1 billion to our GDP and leverages the power of 350,000 volunteers

We All Rely on the Sector

But again, the real story of growth is in the sectors role as community builders. Today, all of us rely on the nonprofit sector. We rely on nonprofits for clean water, aid in disasters and for after school options for our teens. We participate in civic leadership through groups such as nonprofit rotary clubs, the BIA, Chamber of Commerce's and the League of Women Voters.

We frequent town libraries, hike on trails maintained by nonprofits, and adopt animals from nonprofit shelters. We take our visiting relatives to performances at nonprofit theaters, take pride in our historic monuments and colonial homes.

For those-in-need, the reliance on nonprofit services is profound. In New Hampshire;

- Last year 130,000 individuals sought food assistance from the NH Food Bank, a 90% increase in five years.
- Last year, 77,000 children relied on NH Health Kids for access to medical and dental care , a number which has inched up past 85,000 for 2012.
- And on any given night there were approximately 2,500 homeless individuals – many of them children- taking refuge in a shelter - an 18% overall increase since 2010

Giving Down Needs Up

To sustain a NH that is ranked the healthiest place to raise children takes a huge amount of behind the scenes- often unrecognized- nonprofit work. As we enter this post-recession recovery period, much is in the balance for the nonprofit sector – especially those serving our most vulnerable populations. From 2008-2009, as the recession swept our country;

Total giving in NH dropped by 27%, the lowest figure since 2002.

Grant making by New Hampshire foundations dropped 11.5%.

Government contracts and grants were slashed by 25-30% on average with some services being cut by more than 45 %

While giving and grant-making are inching up, 2-3% a real positive sign the outlook for federal and state partnerships and contracting is bleak . Nonprofits are bracing for a challenging year ahead as demonstrated in a recent survey conducted by the Nonprofit Finance Fund in which 85 % of the nonprofits surveyed nationally reported they expect a continued increase in service demand but only 46% of these expect to be able to meet this demand.

With needs up and resources down, the sector board-staff leadership teams will continue to burn the midnight oil, engaged in strategy session to determine plans for; restructuring service delivery (if possible), cutting programs, expanding outreach and advocacy , forging deeper partnerships, creating new business models and launching more intensive fundraising efforts.

And while there will be a high degree of innovation and transformation, some nonprofit organizations will reach a tipping point. As it is unrealistic to believe that nonprofit can forever do more and more with less and less.

At some point less is less and people will be vulnerable .

Trends in Grant-Making

While the foundation community of NH does not have the capacity to deal with *all* the financial needs of the sector it plays a pivotal role in the sector. NH foundations have been ahead of the curve in launching more effective and newer strategies before and after the recession hit.

They have advanced grant making for operational support, collaborative endeavors and for the leveraging of technology. They are investing in evaluation work, new business models and innovative solutions for sustainability.

Foundations such as the New Hampshire Charitable Foundation, the Endowment for Health and the United Ways in various communities, are taking steps to have their *grant making to achieve even greater impact by:*

- Narrowing the number of grants, but deepening the amount and duration
- Moving cautiously into program impact investment- low interest loans for leveraging sustainability and advancement.
- *And putting a stronger Emphasis of their giving and grant making toward Advocacy, Civic Engagement and*

Trends Facing the Sectors Capacity

As we look to the future trends on the horizon, the nonprofit sector will focus on strategies to increase visibility of their impact in the community. The nonprofit sector will invest more in marketing to be heard about the noise in this cyber world. And, the sector will leverage technology to provide data on results and impact.

Online giving, is here to stay. While still not generating a significant volume of donations locally, Online giving has seen a recent surge in activity, as in 2001 only 4 % of donors reported giving online, however today that number has climbed to 65% .

With NH ranking wealthiest per capital, but one of the lowest states in giving , there is much work ahead to build a strong, more diverse culture of giving – on all levels. And finally an important trend we are preparing for in the nonprofit sector is that of an impending leadership transition .

With the retirement of the baby boomer generation reports indicate a predicted 640,000 nonprofit executive leadership positions will be vacant across the nation within 3-5 years; 3 out of 4 positions open. And the number of board leaders transitioning out of their roles are just as high. The opportunity to mobilize this retiring corps of experienced nonprofit leaders as mentor is upon us, but resource must be allocated to effectively deploy their talents.

Understanding the need and demographic changes, there has been an increase in under graduate and post graduate degree programs in nonprofit management emerge as well as MBA's in nonprofit leadership.

In summary it's a time of intense strategy, challenging sustainability for the nonprofit sector and it will require continued commitment and investment to ensure all of NH advantages.